

The background of the slide features a large, light blue circular logo. The logo contains a stylized 'S' and 'A' intertwined. The text 'INDIANA FAMILY & SOCIAL SERVICES ADMINISTRATION' is written in a circular path around the central emblem.

Health Care Affordability and Quality for Hoosiers

Secretary Mitch Roob

Spring 2006

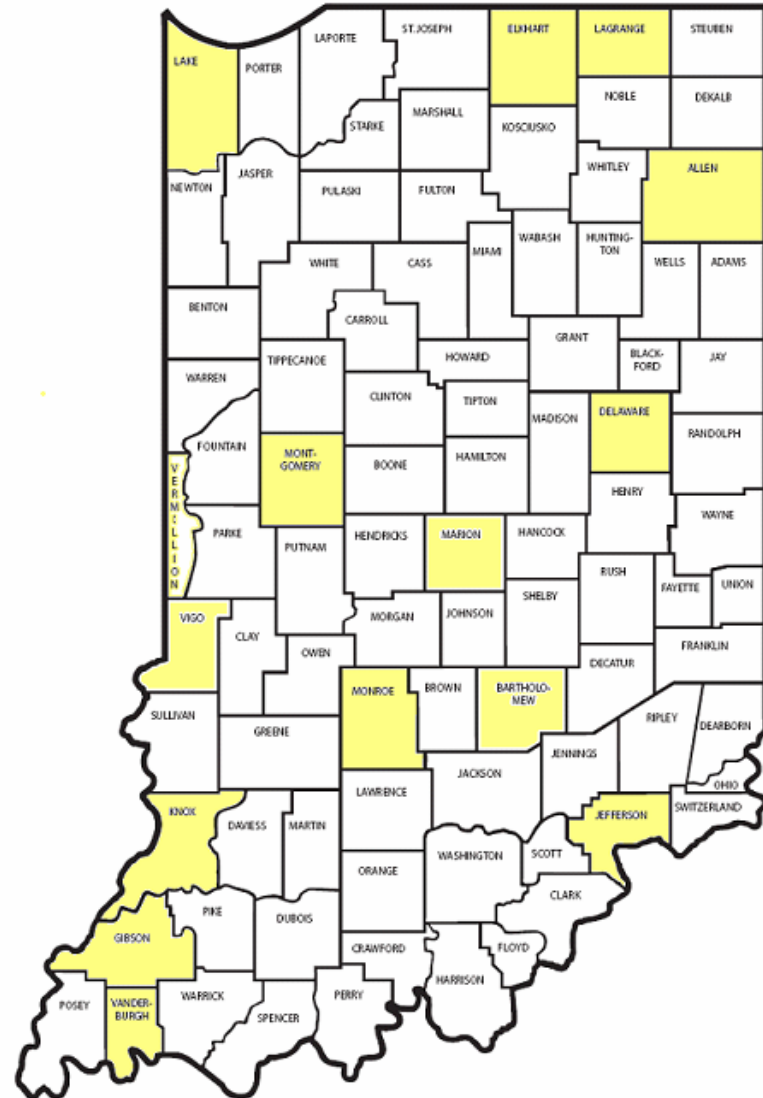


Overview

- Begin a public discussion about the funding and care delivery issues of health care affordability, quality and the uninsured.
 - But, the cure could be worse than the disease.
- 14 meetings to gather input from Hoosiers across the State on their health concerns and ideas for solutions.
- Develop a proposal for the Indiana General Assembly to discuss in January 2007.

Uninsured Forum Locations

4/20	Madison
5/1	Gary
5/3	Indianapolis
5/9	Evansville
5/10	Vincennes
5/10	Bloomington
5/18	Muncie
5/22	Crawfordsville
5/30	Fort Wayne
5/30	Lagrange
5/31	Elkhart
6/6	Terre Haute
TBD	Columbus
TBD	Princeton



Glossary

- FPL = Federal Poverty Level
 - 200% FPL for a family of 4 = \$40,000/year
- Government funding programs to hospitals for the care of Medicaid & uninsured
 - DSH = Disproportionate Share Hospital
 - UPL = Upper Payment Limit
 - HCI = Health care for the indigent
- MCO = Managed Care Organization
 - Like a health maintenance organization (HMO) in the commercial market, but for Medicaid
- DRA = Deficit Reduction Act of 2005
- CNOM = Costs not otherwise matchable
- CMS = Centers for Medicare and Medicaid Services

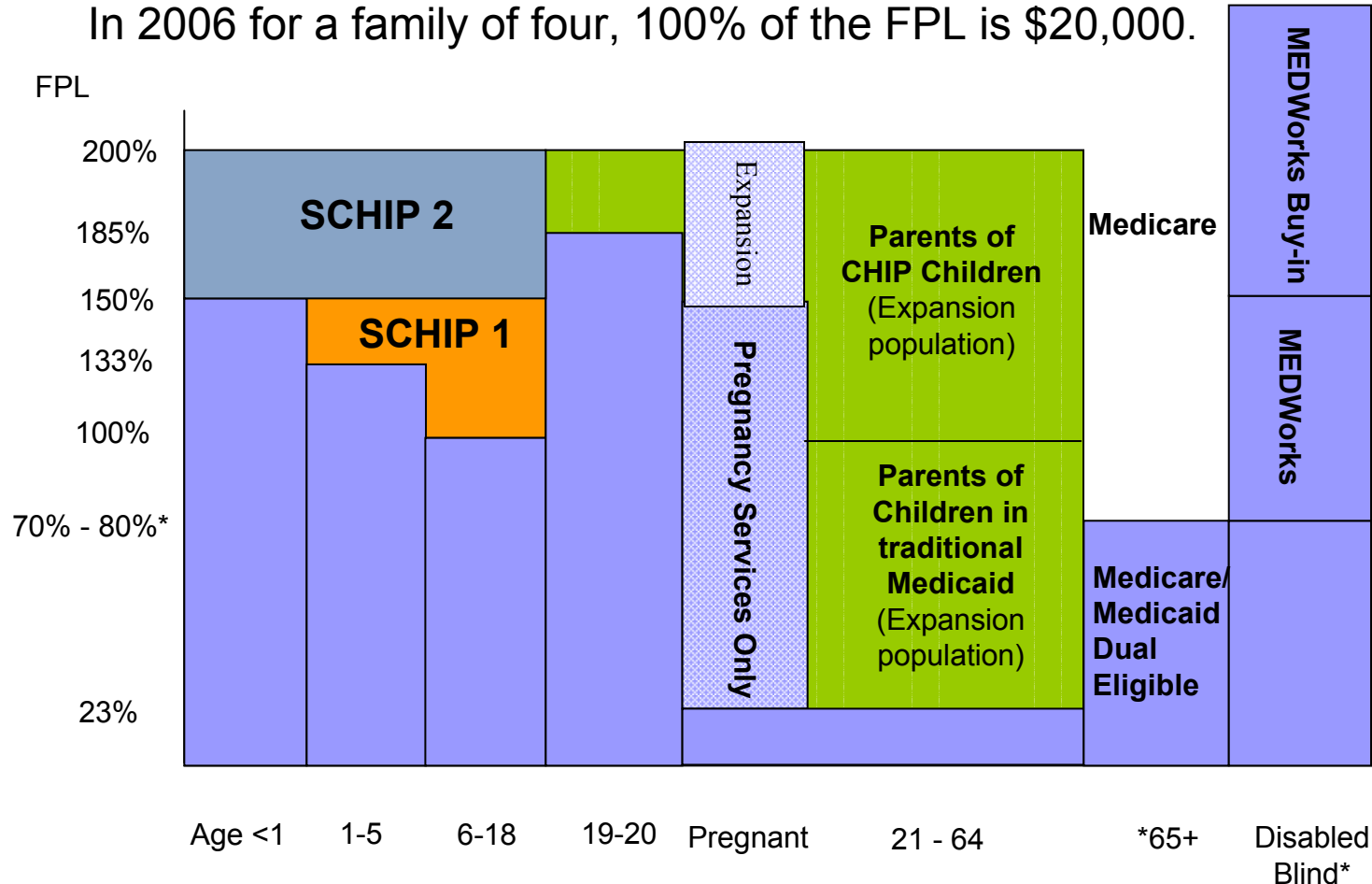
Indiana's Medicaid, an Overview

- Medicaid is only available to certain low income people who fit in an eligibility group recognized by federal and state law.
 - Income is based on Federal Poverty Level (FPL)
- Medicaid is a state administered program, funded with both federal and state money.
 - In Indiana, the federal govt matches \$2 for every \$1 of state money for eligible populations.
 - By federal law, match is not available for adults w/o kids.
- Different states have different eligibility levels and benefits packages.
 - IN is known for low coverage levels of adults, but comprehensive benefits package for those that are eligible.

Major Eligibility Categories & Federal Poverty Levels

FPL is recalibrated annually and dependent on household size.

In 2006 for a family of four, 100% of the FPL is \$20,000.



*Aged, Disabled and Blind income eligibility is driven by SSI standards rather than FPL



Indiana Picture

Demographic & Economic Factors

- From 2000 to 2004, Indiana lost 138,800 jobs.¹
- Industry change away from manufacturing jobs to service sector jobs and/or in small businesses that are less likely to offer health insurance
- The average Hoosier income is 91 cents for every dollar of the average American earns.²
- Indiana ranks 45th in adults with a 4-year college degree per capita.³
- Food Stamps and TANF participation have nearly double in 5 years.⁴
- Indiana has the highest per capita rate of medically bankrupt families, amounting to over 77,000 Hoosiers.⁵

The Indiana Health Care Market

- Health insurance premiums are increasing in Indiana
- As costs increase, businesses are shifting these costs to their employees
 - Higher copays, deductibles, and premiums
 - Fewer covered services
- Dropping Coverage
 - From 1999 – 2004, Indiana had the second highest drop in employer-sponsored health insurance.
- Since 2000, the number of uninsured has increased by 203,000 people.

Unhealthy & Sicker Population Costs More to Insure

- Compared to the rest of the nation:
 - Obesity: 9th (26% of Hoosiers)⁶
 - Current Smokers: 7th (25%)⁶
 - High Cholesterol: 7th (35%)⁶
 - Cancer Deaths: 4th ⁷
 - Physical activity in the last 30 days: 39th (75%)⁶
 - Large Health Disparities
 - Only 59% of pregnant black women receive adequate prenatal care, compared to 76% of white women.⁷

Note: From 2003 and 2004, Hoosiers smoked and weighed slightly less. However, we still have a long way to go.

Uninsured in Indiana

- Depending on the survey, between 9 – 14% of Hoosiers are uninsured.
- Between 561,000 – 868,000 Hoosiers are uninsured.
 - LaGrange and Davies Counties have highest percentage of uninsured (16.5% and 16.0%)
 - Lowest Rates: Boone 6.2%, Whitley 7.0%, Dubois 7.1%
 - Highest number of uninsured is Marion County



Who are the uninsured? Why are they uninsured?

- Most uninsured are working individuals earning less than \$40,000/year for a family of 4.
- Largest increase in number of uninsured is in group earning between \$50,000 - \$75,000 per year for a family of 4
- Over half are working individuals
- Many are part-time, seasonal or temporary workers
- Many work for small businesses that don't offer health insurance
- Many cannot afford to buy health insurance on their own or through their employers

Limited Coverage through Public Programs

- Indiana Medicaid

- ☐ 4th lowest coverage level (22% FPL) for non-disabled adults
- ☐ Covers disabled, pregnant women & kids

- Medicare

- ☐ Cover Seniors 65+

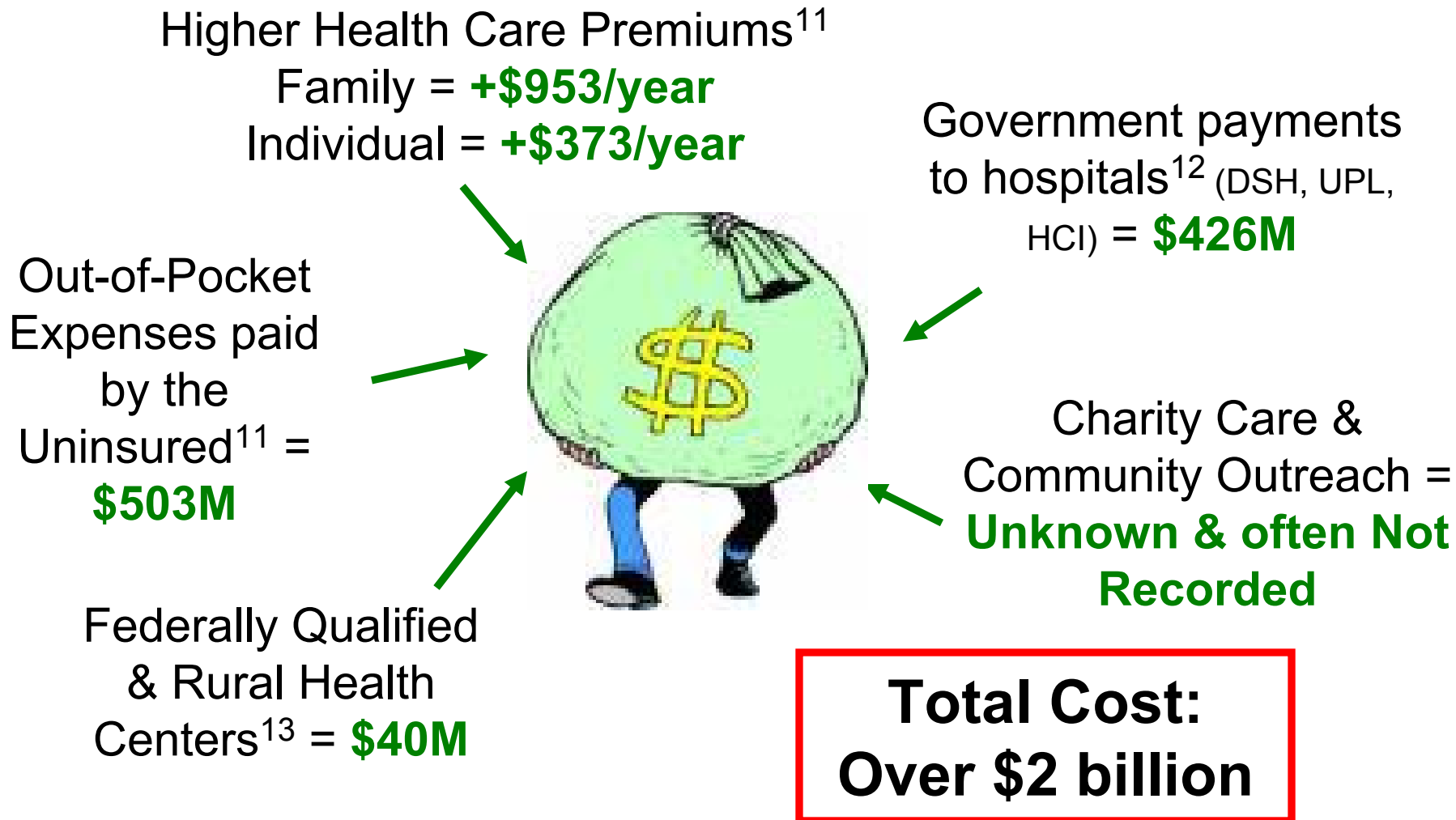
- Adults ages 19-64 Left Out

- The proposal discussed today focuses on the healthy adults between the ages of 19 – 64.



Will the uninsured in
Indiana increase?

Q: How do we finance the care of the uninsured?
A: Back door payments by the insured & taxpayers.



Consequences of Lack of Insurance

■ Economic Impact

- Higher premiums for all (+\$1,494/family/year in 2010)¹¹
- Reduces Indiana's ability to compete in the global market
- Poorer health outcomes
- Treatment delays
- Limited access to preventive services

■ Lower Worker Productivity

- Higher absenteeism

■ More Expensive Care

- Receive care in emergency rooms
- Conditions allowed to progress to crisis levels



Learning from other States

Deficit Reduction Act (DRA)

- Federal government seeks innovation from states
- CNOM = costs not otherwise matchable
- Reform states
 - AR, CA, FL, IA, KY, MA, MI, MO, NH, NY, SC, TX, VT, WV
- Find solutions through the private market
- Subsidize low-income people who can't afford coverage
- Vary benefit packages to give more affordable options
 - Great cost-sharing at higher income levels
- Develop programs for small businesses so that plans are more affordable and easy to administer
- Promote personal responsibility



Reform in Massachusetts

- Insure over 500,000 uninsured individuals
- Contain health care costs
- Mandate individual health insurance coverage
- Employees premium costs funded in part with pre-tax contributions
- Creates an “Exchange,” or central location, to administer health plans
- State will provide the current uninsured with higher income access to purchase affordable coverage
- STATUS: Gov. signed legislation on 4/12

Reform in Michigan

- Insure 1.1 million uninsured Michiganans
 - Extend insurance subsidy for the 550,000 individuals up to 200% FPL (\$40,000 for a family of 4)
 - Grant higher income uninsured access to purchase insurance through a pool; contributions are tax-free
- Contain health care costs
- STATUS: Seeking public input & negotiating with federal government



Solutions for Indiana

How do we finance solutions?

- Redistribute current funding of “safety net” pools
- Leverage current state dollars (CNOM)
- Invest new state dollars
 - Provider tax or Tobacco tax
- Utilize premium payments & co-payments
- Make contributing pre-tax dollars more simple
 - Payroll deduction
- Pursue private donations

What can Indiana offer the uninsured?

- Provide choice to consumer.
 - Modified HMO/Buy into Medicaid program.
 - Health Savings Account (HSA)
- Subsidize low income people
 - How high? 150% FPL? 175%? 200%?
 - What about childless adults?
- Improve access to remaining uninsured (small business, part-time, individuals, etc.)
- Create a more developed infrastructure
- Address cost & quality for the entire system

For the Lower Income Uninsured

- Provide subsidies for beneficiaries via the Medicaid program
- Choice of plan: Employer OR State Plan
- Develop a new plan:
 - Benefits that mirror the commercial market
 - Required copays/cost sharing
 - How high will subsidy go....\$35,000 for a family of 4, \$40,000 for a family of 4?



For the Remaining Uninsured

- A state-brokered pool or “exchange”
- Simplify enrollment for small businesses and individuals
- More affordably priced products
 - Reduced premiums paid for with pre-tax dollars
- Allows for employer and employee contributions
- Portable, regardless of job or status (pt/ft) can keep plan



Infrastructure, Cost & Quality

- Build a better safety net system
 - To care for Medicaid, uninsured, & underinsured
 - Increase access to primary & preventive care
- Develop a Ratings System
 - Allow consumers to understand and compare cost and quality
 - State website with quality information
- Utilize E-Health Records
- Make data driven decisions
- Encourage Integrated care



Positive Impact

1. “Front Door” Coverage
 - Address the needs of the 561,000 uninsured Hoosiers.
2. More \$\$ to the Indiana Health Care System
 - New Federal Dollars to IN
 - Reduction of Uncompensated Care Costs to Hospitals
3. Economic Development
 - Decreases cost shifting to the insured and slows premium growth
 - Eases burden on businesses to provide & finance insurance for low-income workers
 - Healthier & more productive workforce, which is less expensive to insure

For More Information

■ Visit

www.in.gov/fssa/healthcare/affordability.

- ☐ Full-length PowerPoint presentation
- ☐ Times and locations for future forums across Indiana
- ☐ Minutes from past forums
- ☐ Proposal features (summer)

References

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